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RUEHKM/AMEMBASSY KAMPALA 1922
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SUBJECT: RWANDA HOSTS FIRST EAST AFRICAN COMMUNITY
INVESTMENT CONFERENCE

REF: KIGALI 417

¶1. (U) Summary: On June 26-28, Rwanda hosted the 9th East African Community (EAC - Kenya, Tanzania, Uganda, Rwanda and Burundi) Heads of State Summit in conjunction with the first-ever EAC Investment Conference. EAC leaders focused on the need to improve transportation and energy infrastructure, reduce trade barriers, harmonize intra-EAC customs and expand regional agricultural production. The Heads of State called for a dialogue between Zimbabwe's ruling ZANU/PF and opposition MDC parties. Rwanda's President Kagame was named incoming Chair of the EAC. End summary.

¶2. (U) In opening remarks to the first EAC investment conference held June 26-28 in Kigali, the leaders of Rwanda, Kenya, Uganda and Burundi (Tanzanian President Kikwete was not present for the opening ceremony but attended later events) emphasized the need to improve regional infrastructure including roads, rail, and power generation. Ugandan President Museveni highlighted the poor quality of the regions road network contrasting "third world" roads that last 15 years to European roads that last 50 years. Museveni noted Uganda has set up a tax payer-supported energy fund of \$215 million to develop hydroelectric power and his government has also budgeted \$666 million in its 2008/9 plan to build and repair roads. Rwanda's President Kagame decried the antiquated regional rail system and congested and ineffective ports noting "all those obstacles ruin rather than foster the prosperity that we all seek". Kagame called the 2008 World Bank report on trade indicators a sobering reminder that "we need to fix these infrastructures" and complained that it takes almost a month for cargo from Mombassa and Dar es Salaam to reach inland destinations in Uganda, Rwanda and Burundi. Kagame said East Africa has a dynamic industrial and commercial sector that can drive private sector-led socioeconomic transformation and emphasized regional development lies in the hands of the East Africans.

¶3. (U) Kenyan President Kibaki agreed the EAC needed to address the challenge of poor infrastructure which remains a major constraint to investors. Kibaki noted the size and market potential of the EAC with its 120 million people and combined GDP of \$50 billion has improved the attractiveness of the region for business and investment. Kibaki remarked that since the EAC set up the regional Customs Union (Rwanda and Burundi joined the EAC in 2007 but have not yet joined the customs union), trade within the EAC has grown from \$1.3

billion in 2003 to \$2.2 billion in 2006. Kibaki also supported ongoing negotiations among the EAC member states to set up a protocol to facilitate the free movement of people, goods and services in the region and called for an East African Political Federation.

¶4. (U) During the plenary and breakout sessions discussion ranged from promoting regional competitiveness and trade and investment opportunities to financial mobilization and the role of ICT in fueling regional trade. A number of foreign investment groups attended the event. New York-based Merrin Management Corp. Chief Investment Officer Michael Stern told Emboffs that his company is actively looking for investment QEmboffs that his company is actively looking for investment opportunities in the region. Contour Global Project Manager Jarmo Gummerus said his company expects to sign a methane gas concession and power purchase agreement with the Government of Rwanda (GOR) on or before July 10, 2008. The methane gas to power project (reftel) will cost an estimated \$260 million and generate 100MW to the Rwandan power grid by 2012.

¶5. (U) The conference attracted over 1,000 participants from the region and around the world, and the large number at times overwhelmed the organizers. Conference organizer Rwanda Investment and Export Promotion Agency (RIEPA) initially planned for 600-700 participants. There were frequent delays in processing delegates through security check-points and scheduled events were delayed by as much as 2-3 hours. Despite these difficulties, most participants appeared pleased with the conference and lauded the GOR initiative to hold the event.

¶6. (U) In a joint communique issued at the end of the EAC

Summit, the Heads of State called for member states to expedite the implementation of the East African Power Master Plan in order to insure regional power supplies and to modernize agriculture to fill the current gap in regional food supplies. On political issues, the leaders commended the prevailing peaceful conditions in Burundi and reaffirmed their commitment to the on-going peace process. On Zimbabwe, the Heads of State called for dialogue between ZANU/PF and MDC, and asserted that conducting an election in the prevailing (political) conditions could not offer a long-lasting solution to the current crisis. The Summit leaders unanimously elected President Kagame as the new Chair of the EAC.

¶7. (U) Comment: Not unpredictably, the 9th EAC Summit highlighted obvious regional developmental needs in infrastructure and energy. However, the recent entry of Rwanda and Burundi to the group appears to have reinvigorated the organization, encouraged a new enthusiasm for stronger regional integration and fostered a "can do" attitude from the Heads of State. The size of the gathering, with over 1,000 participants including more than 250 from outside the region, was an encouraging sign that investors are looking for opportunities in the EAC.

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